

**MD OF GREENVIEW NO. 16**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**INDEPENDENT AUDITORS' REPORT**

To the Reeve and Council of MD of Greenview No. 16

We have audited the accompanying financial statements of MD of Greenview No. 16, which comprise the statement of financial position as at December 31, 2016 and the statement of operations and accumulated surplus, changes in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, these financial statements present fairly, in all material respects, the financial position of MD of Greenview No. 16 as at December 31, 2016 and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Edmonton, Alberta  
April 25, 2017

Hawkins Epp Dumont LLP  
Chartered Accountants

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**MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL REPORTING**

To His Worship the Reeve and Members of Council of MD of Greenview No. 16

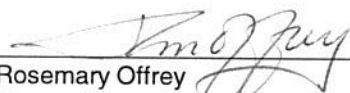
The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of management.

The financial statements are the responsibility of management, prepared in accordance with Canadian public sector accounting standards. They necessarily include some amounts that are based on the best estimates and judgments of management.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of financial statements.

Hawkings Epp Dumont LLP, Chartered Accountants, have been appointed by Greenview Council to express an opinion on the Greenview's financial statements.

  
\_\_\_\_\_  
Mike Haugen  
Chief Administrative Officer

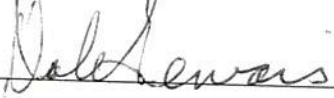
  
\_\_\_\_\_  
Rosemary Offrey  
General Manager Corporate Services

*May 24/17*

MD OF GREENVIEW NO. 16  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u> (Restated) (Note 19)
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 53,334,442	\$ 67,929,223
Receivables (Note 3)	14,162,499	14,463,213
Loans receivable (Note 4)	606,282	784,125
Investments (Note 5)	<u>113,920,187</u>	<u>97,385,999</u>
	<u>182,023,410</u>	<u>180,562,560</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 13,803,333	\$ 9,079,531
Deferred revenue (Note 6)	1,488,617	1,621,261
Long-term debt (Note 7)	<u>1,168,424</u>	<u>1,199,481</u>
	<u>16,460,374</u>	<u>11,900,273</u>
<b>NET FINANCIAL ASSETS</b>	<u>165,563,036</u>	<u>168,662,287</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 8)	237,577,433	220,172,196
Gravel inventory for consumption	8,610,867	9,161,247
Prepaid expenses and deposits (Note 9)	<u>15,888,289</u>	<u>11,740,986</u>
	<u>262,076,589</u>	<u>241,074,429</u>
<b>ACCUMULATED SURPLUS (NOTE 10)</b>	<u>\$ 427,639,625</u>	<u>\$ 409,736,716</u>
Contingencies (Note 13)		

ON BEHALF OF COUNCIL:

  
\_\_\_\_\_

See accompanying notes to financial statements.



## MD OF GREENVIEW NO. 16

## STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u> (Budget) (Note 21)	<u>2016</u> (Actual)	<u>2015</u> (Actual) (Restated) (Note 19)
<b>REVENUE</b>			
Net taxation (Schedule 2)	\$ 75,066,344	\$ 74,622,742	\$ 76,690,800
Oil well drilling taxes	9,000,000	7,337,180	20,825,817
Interest and investment income	2,592,165	3,370,678	3,785,799
User fees and sale of goods	1,675,850	1,515,480	1,939,807
Government transfers for operating (Schedule 3)	742,406	795,377	793,534
Penalties and costs on taxes	250,000	454,516	486,270
Licenses and permits	471,300	368,173	649,179
Other	40,000	363,724	56,867
Fines	55,000	33,855	55,567
	<u>89,893,065</u>	<u>88,861,725</u>	<u>105,283,640</u>
<b>EXPENSES (including amortization)</b>			
Transportation services	28,830,296	45,721,779	36,439,757
Recreation and cultural services	13,266,309	12,470,999	11,415,363
Administrative services	9,495,315	9,284,934	7,596,186
Planning and development services	4,599,041	3,671,801	2,981,257
Protective services	1,800,240	2,071,069	1,741,447
Utilities and environmental services	1,716,585	1,720,460	2,087,629
Public health and welfare services	1,427,534	1,327,740	1,205,525
Waste management services	1,287,592	1,087,869	673,369
Council and other legislative services	709,565	645,180	737,906
	<u>63,132,477</u>	<u>78,001,831</u>	<u>64,878,439</u>
<b>ANNUAL OPERATIONAL SURPLUS</b>	<u>26,760,588</u>	<u>10,859,894</u>	<u>40,405,201</u>
<b>OTHER REVENUE (EXPENSE)</b>			
Government transfers for capital (Schedule 3)	5,295,993	7,115,988	4,202,378
Loss on disposal of tangible capital assets	-	(72,973)	(524,582)
	<u>5,295,993</u>	<u>7,043,015</u>	<u>3,677,796</u>
<b>ANNUAL SURPLUS</b>	<u>32,056,581</u>	<u>17,902,909</u>	<u>44,082,997</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR, AS PREVIOUSLY STATED</b>	409,736,716	407,971,340	365,653,719
Restatement (Note 19)	-	1,765,376	-
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>409,736,716</u>	<u>409,736,716</u>	<u>365,653,719</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 441,793,297</u>	<u>\$ 427,639,625</u>	<u>\$ 409,736,716</u>

See accompanying notes to financial statements.

## MD OF GREENVIEW NO. 16

## STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u> (Budget) (Note 21)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
<b>ANNUAL SURPLUS</b>	<u>\$ 32,056,581</u>	<u>\$ 17,902,909</u>	<u>\$ 44,082,997</u>
Acquisition of tangible capital assets	(82,219,838)	(36,556,123)	(29,184,958)
Proceeds on disposal of tangible capital assets	-	73,740	640,259
Amortization of tangible capital assets	-	19,004,173	18,143,892
Loss on disposal of tangible capital assets	-	72,973	524,582
	<u>(82,219,838)</u>	<u>(17,405,237)</u>	<u>(9,876,225)</u>
Use (acquisition) of inventory for consumption	-	550,380	52,092
Use (acquisition) of prepaid expenses	-	(4,147,303)	(6,011,643)
	-	<u>(3,596,923)</u>	<u>(5,959,551)</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(50,163,257)	(3,099,251)	28,247,221
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>168,662,287</u>	<u>168,662,287</u>	<u>140,415,066</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>\$118,499,030</u>	<u>\$165,563,036</u>	<u>\$168,662,287</u>

See accompanying notes to financial statements.

**MD OF GREENVIEW NO. 16**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>2016</u>	<u>2015</u>
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 17,902,909	\$ 44,082,997
Non-cash items included in annual surplus:		
Loss on disposal of tangible capital assets	72,973	524,582
Amortization of tangible capital assets	<u>19,004,173</u>	<u>18,143,892</u>
	36,980,055	62,751,471
Change in non-cash working capital balances:		
Accounts receivable	300,714	3,532,467
Prepaid expenses	(4,147,303)	(6,011,643)
Accounts payable and accrued liabilities	4,723,802	12,458
Deferred revenue	(132,644)	1,371,261
Inventories for consumption	<u>550,380</u>	<u>52,091</u>
	<u>38,275,004</u>	<u>61,708,105</u>
<b>CAPITAL ACTIVITIES</b>		
Proceeds on disposal of tangible capital assets	73,740	640,259
Acquisition of tangible capital assets	(36,556,123)	(29,184,958)
Purchase of investments	(16,534,188)	(27,040,982)
Loans receivable	<u>177,843</u>	<u>111,335</u>
	<u>(52,838,728)</u>	<u>(55,474,346)</u>
<b>FINANCING ACTIVITIES</b>		
Long-term debt principal repayments	<u>(31,057)</u>	<u>(29,570)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	(14,594,781)	6,204,189
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>67,929,223</u>	<u>61,725,034</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 53,334,442</u>	<u>\$ 67,929,223</u>

See accompanying notes to financial statements.

## SCHEDULE OF EQUITY IN TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u>	<u>2015</u>
<b>BALANCE, BEGINNING OF YEAR</b>	<b>\$ 220,172,196</b>	<b>\$ 210,295,972</b>
Acquisition of Tangible Capital Assets	36,556,123	29,184,958
Cost of Tangible Capital Assets Disposed of	(394,690)	(2,269,265)
Accumulated Amortization of Tangible Capital Assets Disposed of	247,977	1,104,423
Amortization of Tangible Capital Assets	(19,004,173)	(18,143,892)
Local improvement taxes receivable repayments	(31,057)	(29,570)
Long-term capital debt repayments	<u>31,057</u>	<u>29,570</u>
<b>BALANCE, END OF YEAR</b>	<b><u>\$ 237,577,433</u></b>	<b><u>\$ 220,172,196</u></b>
Equity in Tangible Capital Assets is Comprised of the Following:		
Tangible capital assets (Note 8)	<b>\$237,577,433</b>	<b>\$220,172,196</b>
Long-term capital debt	<b>(1,168,424)</b>	<b>(1,199,481)</b>
Local improvement taxes receivable	<u><b>1,168,424</b></u>	<u><b>1,199,481</b></u>
	<b><u>\$237,577,433</u></b>	<b><u>\$220,172,196</u></b>

See accompanying notes to financial statements.



## SCHEDULE OF PROPERTY TAXES AND OTHER TAXES

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016</u> (Budget) (Note 21)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
<b>TAXATION</b>			
Real property taxes	\$ 35,351,150	\$ <b>39,875,461</b>	\$ 36,540,156
Linear property taxes	<u>63,599,390</u>	<u><b>59,801,661</b></u>	<u>62,709,528</u>
	<u>98,950,540</u>	<u><b>99,677,122</b></u>	<u>99,249,684</u>
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	\$ 22,307,980	\$ <b>22,957,216</b>	\$ 21,182,441
Seniors foundations	1,509,800	<b>2,031,878</b>	1,314,708
Other school boards	<u>66,416</u>	<u><b>65,286</b></u>	<u>61,735</u>
	<u>23,884,196</u>	<u><b>25,054,380</b></u>	<u>22,558,884</u>
<b>NET MUNICIPAL PROPERTY TAXES</b>	<u>\$ 75,066,344</u>	<u><b>\$ 74,622,742</b></u>	<u>\$ 76,690,800</u>

**SCHEDULE OF GOVERNMENT TRANSFERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>2016</u> (Budget) (Note 21)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	\$ 602,406	\$ 646,236	\$ 620,795
Local governments	<u>140,000</u>	<u>149,141</u>	<u>172,739</u>
	<u>742,406</u>	<u>795,377</u>	<u>793,534</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	<u>5,295,993</u>	<u>7,115,988</u>	<u>4,202,378</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 6,038,399</u>	<u>\$ 7,911,365</u>	<u>\$ 4,995,912</u>

See accompanying notes to financial statements.

MD OF GREENVIEW NO. 16

Schedule 4

SCHEDULE OF SEGMENTED INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2016

	Administrative Services	Recreation and Cultural Services	Community Services	Transportation Services	Utilities and Environmental Services	All Other	Total
<b>REVENUE</b>							
Taxation	\$ 9,063,349	\$ 12,470,999	\$ 3,397,856	\$ 44,843,439	\$ 1,315,840	\$ 3,531,259	\$ 74,622,742
All other	-	-	-	-	-	11,928,126	11,928,126
User fees and sale of goods	10,296	-	105,586	878,340	404,620	116,638	1,515,480
Government transfers	<u>211,289</u>	<u>-</u>	<u>168,359</u>	<u>-</u>	<u>-</u>	<u>415,729</u>	<u>795,377</u>
	<u>9,284,934</u>	<u>12,470,999</u>	<u>3,671,801</u>	<u>45,721,779</u>	<u>1,720,460</u>	<u>15,991,752</u>	<u>88,861,725</u>
<b>EXPENSES</b>							
Contracted and general services	3,362,160	15,946	867,084	13,382,031	354,576	1,083,475	19,065,272
Amortization	<u>530,141</u>	<u>41,274</u>	<u>284,535</u>	<u>17,107,110</u>	<u>374,211</u>	<u>666,902</u>	<u>19,004,173</u>
Transfers to other governments and local boards and agencies	-	11,862,625	181,166	2,946,584	-	641,305	15,631,680
Salaries, wages, and benefits	3,566,007	236,030	1,825,373	3,820,584	626,591	2,190,442	12,265,027
Materials, goods, and supplies	1,096,756	55,148	489,745	8,285,773	217,101	318,289	10,462,812
Repairs and maintenance	263,544	258,232	1,843	73,414	-	129,274	726,307
Utilities	182,576	1,744	22,055	106,283	88,819	99,009	500,486
Insurance	<u>283,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,162</u>	<u>286,912</u>
Interest on long term debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,162</u>	<u>-</u>	<u>59,162</u>
	<u>9,284,934</u>	<u>12,470,999</u>	<u>3,671,801</u>	<u>45,721,779</u>	<u>1,720,460</u>	<u>5,131,858</u>	<u>78,001,831</u>
<b>NET REVENUE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,859,894</u>	<u>\$ 10,859,894</u>

See accompanying notes to financial statements.

MD OF GREENVIEW NO. 16

Schedule 5

SCHEDULE OF SEGMENTED INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2015

	Administrative Services	Recreation and Cultural Services	Community Services	Transportation Services	Utilities and Environmental Services	All Other	Total
<b>REVENUE</b>							
Taxation	\$ 7,345,011	\$ 11,395,363	\$ 2,711,349	\$ 34,985,598	\$ 1,905,116	\$ 18,348,363	\$ 76,690,800
All other	-	-	-	-	-	25,859,499	25,859,499
User fees and sale of goods	48,439	20,000	101,549	1,454,159	182,513	133,147	1,939,807
Government transfers	<u>202,736</u>	-	<u>168,359</u>	-	-	<u>422,439</u>	<u>793,534</u>
	<u>7,596,186</u>	<u>11,415,363</u>	<u>2,981,257</u>	<u>36,439,757</u>	<u>2,087,629</u>	<u>44,763,448</u>	<u>105,283,640</u>
<b>EXPENSES</b>							
Amortization	509,029	34,737	217,238	16,349,538	409,668	623,682	18,143,892
Contracted and general services	<u>3,156,081</u>	<u>9,089</u>	<u>700,623</u>	<u>9,620,650</u>	<u>402,328</u>	<u>1,259,963</u>	<u>15,148,734</u>
Transfer to other governments and local boards and agencies	-	11,158,873	93,091	-	-	265,634	11,517,598
Salaries, wages, and benefits	2,697,600	186,225	1,594,532	3,939,171	962,472	1,625,750	11,005,750
Materials, goods, and supplies	562,571	26,439	364,395	6,329,582	152,143	402,996	7,838,126
Telephone and utilities	217,942	-	11,378	110,375	100,370	84,896	524,961
Repairs and maintenance	145,588	-	-	90,441	-	91,900	327,929
Insurance	307,375	-	-	-	-	3,426	310,801
Interest on long term debt	-	-	-	-	60,648	-	60,648
	<u>7,596,186</u>	<u>11,415,363</u>	<u>2,981,257</u>	<u>36,439,757</u>	<u>2,087,629</u>	<u>4,358,247</u>	<u>64,878,439</u>
<b>NET REVENUE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,405,201</u>	<u>\$ 40,405,201</u>

See accompanying notes to financial statements.



**MD OF GREENVIEW NO. 16**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**1. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are the representations of the Municipal District of Greenview No. 16 (the "Greenview") management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Greenview are as follows:

**(a) Reporting Entity**

These financial statements include the assets, liabilities, revenue and expenditures and changes in equity balances and in financial position of Greenview. This entity is comprised of all municipal operations plus all of the organizations that are owned or controlled by Greenview and are, therefore, accountable to Greenview for the administration of their financial affairs and resources.

Greenview is a member of the Greenview Regional Waste Management Commission ("the Commission"), an organization that operates as a separate government reporting entity jointly controlled by Greenview, the Town of Valleyview, and the Town of Fox Creek. The Commission financial results have not been consolidated with Greenview's operations.

The schedule of taxes levied includes operating requisitions for education and seniors foundations that are not part of Greenview's reporting entity.

**(b) Basis of Accounting**

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and / or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

**(c) Cash and Cash Equivalents**

Cash and cash equivalents consist of items that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and have a maturity of one year or less at acquisition.

**(d) Investments**

Investments are recorded at amortized cost. Investment premiums and discounts are amortized over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

**(e) Loans Receivable**

Loans receivable are recorded at cost. A valuation allowance for uncollectible amounts is recorded in the period in which collectability is assessed to be uncertain. Interest revenue is recognized as revenue in the year it is earned.

**(f) Inventories for Consumption**

Inventories for consumption consists of gravel, of which the cost is based on expenditures accumulated to crush and haul the gravel and are valued at the lower of cost or net realizable value with cost determined by the average cost method.

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016**1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(g) Tax Revenue**

Property tax revenue is based on market value assessments determined in accordance with the *Municipal Government Act*. Tax mill rates are established annually. Taxation revenues are recorded at the time tax billings are issued. Assessments are subject to appeal.

Construction and borrowing costs associated with local improvement projects are recovered through annual special property tax assessments during the period of the related borrowings. These levies are collectible from property owners for work performed by Greenview and are recognized as revenue in the year they are levied.

**(h) Tangible Capital Assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	25 - 50 years
Equipment	5 - 20 years
Automotive equipment	3 - 20 years
Engineered structures	
Roadways	
Wastewater systems	50 years
Water systems	25-50 years
Other engineering	5 - 50 years

Greenview regularly reviews its tangible capital assets for sold or scrapped assets, at which time the cost and the related accumulated amortization are removed from the accounts and any resulting gain or loss on disposal is reported. No amortization is recorded in the year of disposition.

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

Works of art for display are not recorded as tangible capital assets but are disclosed.

**(i) Over-levies and under-levies**

Over-levies and under-levies arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisitions tax-rates in the subsequent year are adjusted for any under-levies or under-levies of the prior year.

**(j) Government transfers**

Government transfers are recognized in the financial statements as revenue in the period in which the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the municipality, and reasonable estimates of the amounts can be determined.

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**1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(k) Pension expenses

Selected employees of Greenview are members of the Local Authorities Pension Plan (LAPP), a multi-employer defined benefit pension plan. The trustee of the plan is the Alberta Treasurer and the is administered by a Board of Trustees. Since the plan is a multi-employer plan, it is accounted for as a defined benefit plan and, accordingly, Greenview does not recognize its share of the plan surplus or deficit.

(l) Measurement uncertainty

The preparation of the financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Such estimates include the provisions for uncollectible accounts receivable, provision for amortization of tangible capital assets, gravel quantities, and the fair value of contributed tangible capital assets. Actual results could differ from those estimates.

**2. CASH AND CASH EQUIVALENTS**

	<u><b>2016</b></u>	<u><b>2015</b></u>
Cash on hand	\$ <b>116</b>	\$ (93)
Operating account	<b>650,455</b>	3,873,035
Temporary investments	<u><b>52,683,871</b></u>	<u>64,056,281</u>
	<u><b>\$ 53,334,442</b></u>	<u><b>\$ 67,929,223</b></u>

Temporary investments consist of a high interest savings account and \$50,000,000 (2015 - \$31,874,493) of guaranteed investments certificates.



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**3. ACCOUNTS RECEIVABLE**

	<u>2016</u>	<u>2015</u>
Trade and other	\$ 8,498,840	\$ 2,875,619
Oil well drilling	2,886,798	7,983,054
Taxes and grants in place of taxes	2,415,437	2,595,567
Local improvement taxes	1,168,424	1,199,481
Goods and Services Tax	<u>702,795</u>	<u>671,253</u>
	15,672,294	15,324,974
Less: Allowance for doubtful accounts	<u>(1,509,795)</u>	<u>(861,761)</u>
	<u>\$ 14,162,499</u>	<u>\$ 14,463,213</u>

Greenview passed Bylaw 07-534 authorizing Council to provide for a local improvement to install a water / wastewater line and lift station for the Creek Crossing Subdivision. The total cost of the local improvement was \$1,400,000, is repayable in 30 annual installments of \$92,164 including interest at a fixed rate of 5.152% per annum maturing September 2037.

**4. LOANS RECEIVABLE**

	<u>2016</u>	<u>2015</u>
Heart River Housing	\$ 387,265	\$ 493,067
Town of Valleyview	173,442	235,953
Other	<u>45,575</u>	<u>55,106</u>
	<u>\$ 606,282</u>	<u>\$ 784,126</u>

Greenview passed a Bylaw 10-625 authorizing Council to loan \$1,000,000 to Heart River Housing for the purposes of lodge expansion and renovation projects at the Red Willow Lodge in the Town of Valleyview. The loan was advanced during 2010, is unsecured, is repayable in 20 semi-annual installments of \$29,952 including interest at a fixed rate of 2.00% per annum maturing April 14, 2020.

Per an Agreement dated December 14, 2006 Greenview loaned \$531,769 to the Town of Valleyview for the purposes of the Town of Valleyview's contribution toward the Valleyview Regional Emergency Services Complex. The loan is unsecured, is repayable in 20 semi-annual installments of \$37,872 including interest at a fixed rate of 0.05% above a five-year Guaranteed Investment Certificate (adjusted January 2007, 2012, 2017, and 2022) per annum maturing December 31, 2022.



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**5. INVESTMENTS**

	<u>2016</u>	<u>2015</u>
Cash and money market funds	\$ <u>1,472,362</u>	\$ <u>295,993</u>
Fixed Income		
Guaranteed Investment Certificates	70,551,497	54,940,000
Government and corporate bonds	<u>41,891,318</u>	<u>42,144,996</u>
	<u>112,442,815</u>	<u>97,084,996</u>
Other	<u>5,010</u>	<u>5,010</u>
	<u>\$113,920,187</u>	<u>\$ 97,385,999</u>

Guaranteed investment certificates bear interest at rates between 1.29% - 2.45% per annum and mature at dates between March 2017 - September 2018. Government and corporate bonds bear interest at rates between 2.11% - 9.60% per annum mature between August 2017 - June 2025. The market value of the government and corporate bonds at December 31, 2016 was \$42,888,307 (2015 - \$43,232,205).

**6. DEFERRED REVENUE**

Deferred revenue consists of the following grant funding which has been restricted by third parties for a specified purpose. These amounts are recognized as revenue in the period in which the related costs are incurred.

	<u>Opening</u>	<u>Receipts</u>	<u>Revenue</u>	<u>Ending</u>
Municipal Sustainability Initiative	\$ 1,371,261	\$ 5,233,732	\$ (5,366,376)	\$ 1,238,617
Regional Collaboration Program	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>250,000</u>
	<u>\$ 1,621,261</u>	<u>\$ 5,233,732</u>	<u>\$ (5,366,376)</u>	<u>\$ 1,488,617</u>

**7. LONG-TERM DEBT**

	<u>2016</u>	<u>2015</u>
Alberta Capital Financing Authority debentures bearing interest at 4.964% per annum maturing in 2037.	<u>\$ 1,168,424</u>	<u>\$ 1,199,481</u>

Principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 32,618	\$ 57,600	\$ 90,218
2018	34,256	55,961	90,217
2019	35,978	54,240	90,218
2020	37,787	52,432	90,219
2021	39,685	50,533	90,218
Thereafter	<u>988,100</u>	<u>455,394</u>	<u>1,443,494</u>
	<u>\$ 1,168,424</u>	<u>\$ 726,160</u>	<u>\$ 1,894,584</u>

Greenview's total cash payments for interest in 2016 were \$59,162 (2015 - \$60,647).

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

## 8. TANGIBLE CAPITAL ASSETS

	2016 Net Book Value	2015 Net Book Value
Engineered structures		
Roadways	\$ 115,877,814	\$ 122,212,348
Bridges	28,692,755	29,578,962
Water systems	12,978,327	10,792,626
Solid waste	8,706,726	7,875,375
Landfill	<u>2,122,660</u>	<u>1,827,084</u>
	168,378,282	172,286,395
Buildings	50,026,767	21,543,599
Vehicles	6,564,684	13,895,205
Machinery, equipment, and furnishings	6,491,250	6,425,547
Land	<u>6,116,450</u>	<u>6,021,450</u>
	<u>\$ 237,577,433</u>	<u>\$ 220,172,196</u>

	Cost Beginning of Year	Additions	Disposals	Transfers	Cost End of Year
Engineering structures					
Roadways	\$ 415,180,350	\$ 8,435,715	\$ -	\$ -	\$ 423,616,065
Bridges	48,096,978	148,627	-	-	48,245,605
Water	11,769,439	2,379,667	-	-	14,149,106
Solid waste	8,768,303	989,212	-	-	9,757,515
Landfill	<u>2,017,792</u>	<u>375,083</u>	<u>-</u>	<u>-</u>	<u>2,392,875</u>
	485,832,862	12,328,304	-	-	498,161,166
Buildings	25,984,090	21,599,095	-	7,480,631	55,063,816
Vehicles	18,737,984	1,403,478	(115,315)	(7,480,631)	12,545,516
Machinery, equipment, and furnishings	9,245,262	1,130,246	(279,375)	-	10,096,133
Land	<u>6,021,450</u>	<u>95,000</u>	<u>-</u>	<u>-</u>	<u>6,116,450</u>
	<u>\$ 545,821,648</u>	<u>\$ 36,556,123</u>	<u>\$ (394,690)</u>	<u>\$ -</u>	<u>\$ 581,983,081</u>

	Accumulated Amortization Beginning of Year	Current Amortization	Disposals	Transfers	Accumulated Amortization End of Year
Engineered structures					
Roadways	\$ 292,968,002	\$ 14,770,249	\$ -	\$ -	\$ 307,738,251
Bridges	18,518,016	1,034,834	-	-	19,552,850
Water	976,813	193,966	-	-	1,170,779
Solid waste	892,928	157,861	-	-	1,050,789
Landfill	<u>190,708</u>	<u>79,507</u>	<u>-</u>	<u>-</u>	<u>270,215</u>
	313,546,467	16,236,417	-	-	329,782,884
Vehicles	4,842,779	1,226,198	(88,145)	-	5,980,832
Buildings	4,440,491	596,558	-	-	5,037,049
Machinery, equipment, and furnishings	<u>2,819,715</u>	<u>945,000</u>	<u>(159,832)</u>	<u>-</u>	<u>3,604,883</u>
	<u>\$ 325,649,452</u>	<u>\$ 19,004,173</u>	<u>\$ (247,977)</u>	<u>\$ -</u>	<u>\$ 344,405,648</u>

Tangible capital assets include \$38,092,786 (2015 - \$12,503,097) of work in progress that is not being amortized as these projects are currently not completed.

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**9. PREPAID EXPENSES AND DEPOSITS**

Included in prepaid expenses is a one-time advance of annual Community Development funding of \$10,500,000 to the Town of Grande Cache to support the building of the Town's recreational facility.

Also included in prepaid expenses is a one-time advance of funding of \$4,000,000 to the Town of Fox Creek to support the building of the Town's recreational facility (\$2,000,000) and fire hall (\$2,000,000).

**10. ACCUMULATED SURPLUS**

	<u>2016</u>	<u>2015</u>
Unrestricted surplus	\$ 8,701,381	\$ 7,097,608
Restricted surplus ( <i>Note 11</i> )	181,360,811	182,466,912
Equity in tangible capital assets ( <i>Schedule 1</i> )	<u>237,577,433</u>	<u>220,172,196</u>
	<u>\$ 427,639,625</u>	<u>\$ 409,736,716</u>

**11. RESERVES**

	<u>2016</u>	<u>2015</u>
Road infrastructure	\$ 49,180,935	\$ 39,814,018
Project carry forward	29,952,020	38,012,196
Economic development	15,000,000	
Operating contingency	13,000,000	13,000,000
Recreation	12,445,572	27,324,148
Facilities	12,250,925	11,755,896
Wastewater	11,593,326	12,097,770
Bridge replacement	9,552,571	8,502,910
Water	8,778,352	9,173,218
Fire facilities	5,516,318	7,189,411
Equipment and vehicle fleet	5,275,331	6,463,407
Fire apparatuses	3,658,159	3,494,705
Disaster response	3,000,000	3,000,000
Gravel pit reclamation	1,347,447	1,347,447
Solid waste reclamation	624,917	1,000,000
Green View Family and Community Support Services	<u>184,938</u>	<u>291,786</u>
	<u>\$ 181,360,811</u>	<u>\$ 182,466,912</u>

Greenview will plan for and provide specific purpose reserve that support a viable and financially sustainable municipality. Reserves have been established and approved as follows:

(a) Road Infrastructure

Provides funds for future years' road construction budget, based on approved capital plans. This reserve will contain an additional amount of \$2 million to allow Greenview the ability to react to positive or negative pricing shifts.

(b) Bridge Replacement

Funds future replacement costs of bridges. Annual contribution based on life cycle costing of bridges.



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**11. RESERVES (CONT'D)**

- (c) Project Carry Forward  
Holds all funds for projects that have been carried over from one year to a subsequent year.  
This reserve will be funded as needed in any given year.
- (d) Equipment and Vehicle Fleet  
Ensures funds for replacing equipment and vehicles as per Council's replacement policy.  
The annual contribution based on yearly depreciation of vehicles.
- (e) Disaster Response  
Provides funds for emergency funding for Greenview to deal with disasters when they occur,  
with minimal impact to approved Operating and Capital Budgets.
- (f) Fire Facilities  
Provides funds for Greenview's share of replacement or construction of fire halls and other  
fire infrastructure (dry hydrants, etc.) within Greenview and the towns of Fox Creek,  
Valleyview, and Grande Cache.
- (g) Fire Apparatuses  
Provides funds for the purchase of Greenview's fire apparatuses for Greenview fire stations  
and Greenview's share of apparatus purchases for the towns of Valleyview, Fox Creek, and  
Grande Cache.
- (h) Facilities  
Provides funds for replacement or construction costs for Greenview facilities such as offices  
and maintenance shops. Facilities relating to utilities and emergency services will be funded  
through their own respective reserve funds. Annual contributions based on depreciation.
- (i) Solid Waste Reclamation  
Provides funds for post closure liability costs for Greenview waste sites such as transfer  
stations. Post closure liability costs for regional landfills will be budgeted for by Greenview  
Regional Solid Waste Management Commission.
- (j) Wastewater  
Provides funds for replacement or construction of wastewater collection systems and  
networks within Greenview. Annual contributions based on depreciation.
- (k) Water  
Provides funds for replacement or construction of water distribution systems and networks  
within Greenview.
- (l) Recreation  
Provides funds for construction or replacement of Greenview's recreation facilities  
(campgrounds, multiplexes, etc.). Annualized contributions based on depreciation for existing  
facilities. Annual contribution to be used for development of future facilities
- (m) Green View FCSS  
Used to set aside FCSS program surpluses from the FCSS programs operated by  
Greenview on behalf of the Town of Valleyview. The Green View FCSS Board shall  
determine the use of funds in this reserve.



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**11. RESERVES (CONT'D)**

(n) Gravel Pit Reclamation

Used for the environmental reclamation of landfills and gravel pits and as the source and return of deposits and guarantees regarding reclamation.

(o) Operating Contingency

Provides funds to supply Greenview with emergency operating funds in case of a large scale disaster or other disruption to funding sources. Will be equivalent to \$13 million; the average of three months operating costs.

**12. CREDIT FACILITY**

Greenview has access to a municipal revolving loan credit facility with a maximum of \$5,000,000 bearing interest at rate 2.70% per annum. No amounts were outstanding on the revolving loan at December 31, 2016 or 2015.

**13. CONTINGENCIES**

Greenview is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, Greenview could become liable for its proportionate share of any claim losses in excess of the funds held by the program. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

**14. FINANCIAL INSTRUMENTS**

Greenview's financial instruments consist of cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that Greenview is not exposed to significant interest, or currency risk arising from these financial instruments.

Greenview is exposed to credit risk with respect to receivables. Credit risk arises from the possibility that customers may experience financial difficulty and be unable to fulfill their obligations. Greenview is exposed to the credit risk associated with fluctuations in the oil and gas industry as a significant portion of the property taxes outstanding at December 31 relate to linear property and are receivable from companies in the oil and gas industry. The large number and diversity of customers minimizes Greenview's credit risk.

Unless otherwise noted, the carrying value of the financial instruments approximates their fair value.

**15. LOCAL AUTHORITIES PENSION PLAN**

Employees of Greenview participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the *Public Sector Pension Plans Act*. The LAPP is financed by employer and employee contributions and investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

Greenview is required to make current service contributions to the LAPP of 10.43% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 14.47% on pensionable earnings above this amount. Employees of Greenview are required to make current service contributions of 9.43% of pensionable earnings up to the year's maximum pensionable earnings and 13.47% on pensionable earnings above this amount.

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**15. LOCAL AUTHORITIES PENSION PLAN (CONT'D)**

Total current service contributions by Greenview to the LAPP in 2016 were \$913,998 (2015 - \$852,999). Total current service contributions by the employees of Greenview to the LAPP in 2016 were \$842,474 (2015 - \$786,347).

At December 31, 2015 the Plan disclosed an actuarial deficit of \$923.4 million (2014 - \$2,454.6 million).

**16. REMUNERATION AND BENEFITS DISCLOSURE**

Disclosure of remuneration and benefits for elected municipal officials, Chief Administrative Officer, and designated officers as required by Alberta Regulation 313/2000 is as follows:

			<b>2016</b>	<b>2015</b>
	<u>Remuneration</u>	<u>Benefits and Allowances</u>	<u><b>Total</b></u>	<u><b>Total</b></u>
<b>Reeve:</b>				
Ward 2	\$ 60,999	\$ 30,057	\$ <b>91,056</b>	\$ 89,733
<b>Councillors:</b>				
Ward 1	44,984	23,166	<b>68,150</b>	46,386
Ward 3	35,393	15,621	<b>51,014</b>	46,177
Ward 4	40,919	20,667	<b>61,586</b>	62,517
Ward 5	39,026	14,926	<b>53,952</b>	43,277
Ward 6	50,172	27,421	<b>77,593</b>	80,778
Ward 7	60,319	31,730	<b>92,049</b>	69,286
Ward 8	<u>47,693</u>	<u>27,938</u>	<u><b>75,631</b></u>	<u>60,552</u>
	<u>\$ 379,505</u>	<u>\$ 191,526</u>	<u>\$ <b>571,031</b></u>	<u>\$ 498,706</u>
Chief Administrative Officer	<u>\$ 204,085</u>	<u>\$ 25,775</u>	<u>\$ <b>229,860</b></u>	<u>\$ 251,716</u>
Designated Officer	<u>\$ 121,838</u>	<u>\$ 15,306</u>	<u>\$ <b>137,144</b></u>	<u>\$ 158,104</u>

Remuneration includes regular base pay, bonuses, overtime, gross honoraria, lump-sum payments, and any other direct cash remuneration.

Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees, including pension, employment insurance, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition and MD of Greenview's share of taxable benefits received, including travel and car allowances.



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**17. CONTRACTUAL OBLIGATIONS**

(a) Regional Community Development Agreement

Greenview has entered into an Agreement with the Towns of Grande Cache, Fox Creek, and Valleyview to support community development. Under the terms of the Agreement Greenview shall provide unconditional Regional Community Development base contribution in the amount \$2,000,000 to each Town for the years 2012 - 2017. For 2014 - 2017, the base contribution shall be increased or decreased based on the non-residential assessment increase or decrease compared to the 2012 non-residential assessment.

(b) Town of Valleyview

Greenview has entered into an Agreement with the Town of Valleyview for the development, construction, and operation of a multi-purpose recreation facility. Under the terms of the agreement, the land and facility shall be jointly owned on the basis of a 5:1 ratio in favour of Greenview. The estimated construction budget is \$31,000,000 of which Greenview is required to contribute a total of \$25,000,000. Furthermore Greenview will be required to contribute 80% of all maintenance, operating costs, including all utilities, any annual operational deficits, and necessary capital upgrades or replacements.

(c) Town of Fox Creek

Greenview has entered into an Agreement with the Town of Fox Creek for the development, construction, and operation of a fire hall facility. Under the terms of the agreement, the land and facility shall be jointly owned on the basis of a 1:1 ratio in favour of Greenview. The estimated construction budget is \$8,000,000 of which Greenview is required to contribute a total of \$4,000,000.

Greenview has also entered into an Agreement with the Town of Fox Creek for the development, construction, and operation of a multi-purpose recreation facility. Under the terms of the agreement, the land and facility shall be jointly owned on the basis of a 1.46:1 ratio in favour of Greenview. The estimated construction budget is \$32,000,000 of which Greenview is required to contribute a total of \$19,000,000.

(d) Aggregate Supply Agreement

Greenview entered into an Agreement on April 1, 2013 which requires Greenview to purchase a minimum of 50,000 tonnes of aggregate at a price of \$3.00 per tonne during the first ten years of the agreement ending December 2023.

**18. SEGMENTED INFORMATION**

Greenview provides a wide range of services to its citizens. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in *Note 1*. For additional information see the Schedule of Segment Disclosure (*Schedule 4 & 4*).

**19. RESTATEMENT**

Greenview recently discovered that gains on the sale of bonds recorded during 2015 were calculated incorrectly. During 2016 this has been corrected retroactively and prior periods have been restated.

The effect on the comparative 2015 figures has been to increase investments, net financial assets, revenue, annual surplus, and accumulated surplus by \$1,765,376.

# MD OF GREENVIEW NO. 16

## NOTES TO FINANCIAL STATEMENTS

**DECEMBER 31, 2016**

### 20. DEBT LIMITS

Section 276(2) of the *Municipal Government Act* requires that debt and debt limits, as defined by Alberta Regulation 255/00, for the Greenview be disclosed as follows:

	<u>2016</u>	<u>2015</u>
Total debt limit	\$133,292,588	\$157,925,460
Total debt	<u>(1,168,424)</u>	<u>(1,199,481)</u>
Amount of debt limit unused	<u>\$132,124,164</u>	<u>\$156,725,979</u>
Service on debt limit	\$ 22,215,431	\$ 26,320,910
Service on debt	<u>(90,218)</u>	<u>(89,618)</u>
Amount of debt servicing limit unused	<u>\$ 22,125,213</u>	<u>\$ 26,231,292</u>

The debt limit is calculated at 1.5 times revenue of Greenview (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities, which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of Greenview. Rather, the financial statements must be interpreted as a whole.

### 21. BUDGET FIGURES

The 2016 budget, prepared by Greenview, reflects all municipal activities including capital projects, debt repayments, and reserves for future use. The reconciliation below is provided to encompass these items.

	<u>2016</u> (Budget)	<u>2016</u> (Actual)	<u>2015</u> (Actual)
Annual surplus	\$ 32,056,581	\$ 17,902,909	\$ 44,082,997
Add back:			
Amortization expense	-	19,004,173	18,143,892
Net transfers from (to) reserves	50,194,315	1,106,101	(33,859,713)
Loss on disposal of tangible capital assets	-	72,973	524,582
Deduct:			
Principal debt repayments	(31,058)	(31,057)	(29,570)
Purchase of tangible capital assets	<u>(82,219,838)</u>	<u>(36,556,123)</u>	<u>(29,184,958)</u>
Result of Operations	\$ <u>-</u>	\$ <u>1,498,976</u>	\$ <u>(322,770)</u>

### 22. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Council.

### 23. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.